

SPENDING & SAVING HABITS OF COLLEGE STUDENTS IN DELHI

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ABSTRACT

A student must consider the importance of the relationship between expenditure and savings for better financial management. This Research Paper focuses on the changing trend of transactions where the maximum numbers of students avoid paying through cash and use other modes such as debit cards, credit cards, and e-wallets where actual physical money is not exchanged; this psychologically suppresses the sense of loss (expenditure) in our brain and resulting in increased expenditure. The sample size of 189 respondents helped the researcher to draw conclusions via a mail questionnaire. The results show that the students like to invest a maximum chunk of their money on food then sweets and snacks followed by trips and hangouts and at last books and magazines. There was also a psychological inference drawn from the study. When it comes to money, insula stimulation can stop your spending, and thus, it can be incurred that the higher the amount of suppression towards savings in the college students, the higher will be the anxiety levels and thus leading to the increased impact on the cortex in the human brain.

KEYWORDS: *Fungibility, Purchase Influencers, Insula Secretion, Savings*

Article History

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INTRODUCTION

A person's ability to manage his money is essential to being successful in life. Effective financial management strategies are important for all members of society, including college students. (Mathews, 2017) The research has proved that student's financial management capability is pivotal to their overall academic success and retention.

(SCOTT I. RICK, 2008), participants' brains were scanned as they pretended to make buying decisions. Researchers observed activity in an area of the brain called the insula, which is stimulated when you experience something unpleasant. The more stimulation in the insula, the less likely you are to keep doing what you're doing. When it comes to money, insula stimulation can stop your spending. (GEORGINA MAKU COBLA)

Standard economic theory states that wealth and assets are fungible and that people always act in order to maximize their utility. Fungibility of assets means that units of money are equivalent to each other, or in other words, a dollar spent in one place is equivalent to a dollar spent somewhere else. (Karlson, 2013) This may be the economically rational way to treat money, but people often fail to accept the assumption of fungibility and instead split consumption into different mental accounts: "Mental accounting is the system (sometimes implicit) that households use to evaluate, regulate, and process their home budget. Almost all of us use mental accounts, even if we're not aware that we're doing so". (Kamalanathan, 2015) The way in which people use their credit cards is one example that challenges the model of fungibility.

Being wise in one's spending will lead to improved available resources and reduced financial problems during education. College students spending was identified as one important component of the total consumer spending. Spending, not saving, benefits an economy according to Keynes.

REVIEW OF LITERATURE

- (Manju, 2016) In his research paper "*Trends in Spending and Money Management Practices among Students of Kerala*" conducted a survey and found that the major source of income for most students was their parents.
- (Villanueva, 2017) In her research article "*An Analysis of the Factors Affecting the Spending and Saving Habits of College Students*" conducted a primary survey. The results were aggregated and categorized to run the probit regression model. It was found that most of the respondents answered either d) \$400-599 or e) \$600+ as their monthly savings amount.
- (Teck, 2014) In their research paper "*Spending Behavior of a Case of Asian University Students*" analyzed the sample via both qualitative as well as quantitative analysis methods. About 30 % Of students like to travel by public transportation. And a few portion of students about 4 % rather to go by other transportation.
- (Chhabra, 2016) In her research paper "*Saving & spending trends among youth an empirical study of Sirsa district*" found that Boys of all three education levels (school, graduation and post-graduation) spend more on gym or health care and overall students of graduation level spend 12.1 %, school students 3.7 % and past graduation students 2.9 %. Girls spend more on books and stationery than boys of all the three education levels, especially graduation girls which is 35.6 %.
- (DR.S.SARAVANAN, 2014) In their research paper "*A study on perception of college students about spending of pocket money with reference to students studying in arts & science colleges in Coimbatore*" conducted a survey which reveals that nearly half (48.48 %) of the respondents felt that their pocket money helps them in needy situations, while 33.33 % of the respondents indicated that it had improved their self-esteem and the remaining 18.18 % of the respondents opined pocket money helps them in improving money management.

OBJECTIVES OF RESEARCH

- To analyze the savings habit of college students in Delhi.
- To evaluate the purchase influencers determining the spending habits of college students in Delhi.

RESEARCH METHODOLOGY

- **Study Area:** The study focuses on the savings and spending habits of college students in Delhi. The lack of saving habits and ill-managed scrutiny of spending by the purchase influencer's has motivated the researcher to select this area of research.
- **Data Collection:** A primary method of data collection was used by the researcher via mail questionnaire to obtain the unbiased and manipulated results.

- **Questionnaire Method:** The questionnaire has closed ended questions. The respondents were provided with Opinion Questions answering in Yes or No and five point Likert scale as a response option to choose from, with 1 representing the lowest point and 5 representing the highest point.
- **Sample Selection:** The most appropriate population from the point of view of this study was the college students. Questionnaire was circulated among the students who are a part of the colleges in Delhi via snowball sampling method. The questionnaire was circulated among via emails and social networking platforms.

DATA ANALYSIS

The Data Obtained from the Questionnaire is Analyzed and Interpreted in Four Ways

- **Descriptive Analysis:** The records of the surveys have been summarized with respect to the objectives of the research.
- **Graphical Analysis:** Here pie charts and graphs are used to represent the results of the data.
- **Correlation Analysis:** The savings & spending habits of college students and savings & gender were analyzed for their correlation with one another.

Descriptive Analysis

Objective 1

To analyze the savings habit of college students in Delhi.

Table 1: Monthly Savings

| Question | Less Than 500 | 500 - 1000 | 1000 - 5000 | 5000 - 10000 | More than 10000 |
|---|---------------|------------|-------------|--------------|-----------------|
| Approximately what amount of money are you able to save on monthly basis? | 69 | 65 | 39 | 9 | 7 |

Table 2: Money Deposited into Bank Account

| Question | Weekly | Monthly | Once in 6 Months | Never |
|--|--------|---------|------------------|-------|
| How often do you deposit money into your bank account? | 12 | 81 | 45 | 51 |

Objective 2: To evaluate the purchase influencers determining the spending habits of college students in Delhi.

Table 3: Monthly Income

| Question | Less than 2000 | 2000 - 5000 | 5000 - 10000 | 10000 - 15000 | More than 15000 |
|------------------------------|----------------|-------------|--------------|---------------|-----------------|
| What is your Monthly Income? | 62 | 52 | 30 | 16 | 29 |

Table 4: Modes of Transaction

| Question | Cash | Debit Card | Credit Card | Digital Wallets |
|---|------|------------|-------------|-----------------|
| What is your usual Mode of Transaction? | 91 | 47 | 6 | 45 |

Table 5: Borrowing

| Question | Yes | No | Maybe |
|---|-----|-----|-------|
| Do you borrow money from your friends? | 58 | 107 | 24 |
| Do you seek your parents' help financially when you run out of money? | 137 | 17 | 35 |
| Do you have a Bank Account? | 168 | 21 | 0 |

Table 6: Withdrawal From Bank Account

| Question | Once a Week | Twice a Month | Once in 6 Months | Annually |
|---|-------------|---------------|------------------|----------|
| How often do you withdraw money from your bank account? | 52 | 72 | 35 | 30 |

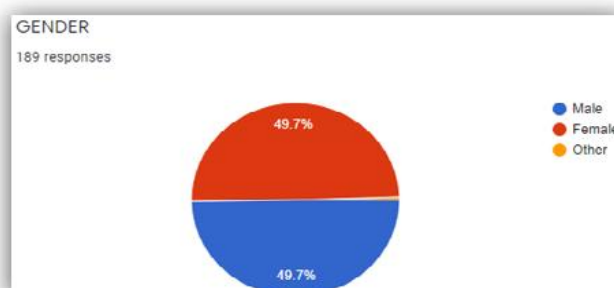
Table 7: Purchase Influencers & Proportion of Expenditure

| Items | 0-20 % | 20-40 % | 40-60 % | 60-80 % | 80-100 % |
|------------------------|--------|---------|---------|---------|----------|
| Study Materials | 27 | 25 | 66 | 41 | 30 |
| Books & Magazines | 46 | 51 | 51 | 21 | 20 |
| Movies & Entertainment | 35 | 24 | 61 | 40 | 29 |
| Health & Fitness | 30 | 31 | 53 | 32 | 23 |
| Food | 3 | 8 | 33 | 55 | 90 |
| Cigarettes | 150 | 17 | 3 | 8 | 11 |
| Alcoholic Drinks | 135 | 22 | 12 | 9 | 11 |
| Trips & Hangouts | 40 | 47 | 49 | 25 | 28 |
| Travelling | 28 | 37 | 44 | 36 | 44 |
| Fashion & Clothing | 21 | 28 | 54 | 41 | 45 |
| Gadgets & Games | 92 | 23 | 33 | 15 | 26 |

Graphical Analysis

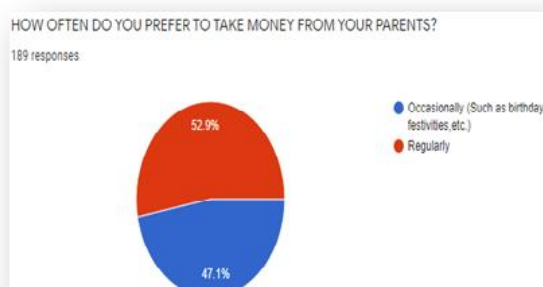
Gender

The survey is divided approximately equally amongst both genders male and female which gives an approximation of how gender plays a role in the saving and expenditure habits of college students. It is observed from the responses that men spend more than women, even when they invest less in self-care while women invest more in self-care and save more.

**Figure 1: Gender.**

Seeking Help from Parents

It was observed from the responses that majority of the students take money from their parents on a regular basis.

**Figure 2: Seeking Parents' Help.**

Correlation Analysis

Gender & Savings

It was observed from the correlation analysis that Savings & Gender of college students in Delhi are positively correlated.

| | A | B | C |
|---|---------|-------------|---------|
| 1 | | GENDER | SAVINGS |
| 2 | GENDER | 1 | |
| 3 | SAVINGS | 0.170476062 | 1 |

Figure 3: Correlation Analysis for Gender & Savings.

Savings & Spending Habits

It was also observed that Savings & Spending Habits of college students in Delhi too are positively related.

| | A | B | C |
|---|--------------------|-------------|-----------------|
| 1 | CORRELATION | SAVINGS | SPENDING HABITS |
| 2 | SAVINGS | 1 | |
| 3 | EXPENDITURE | 0.203862679 | 1 |

Figure 4: Correlation Analysis for Savings & Spending Habits.

Hypothesis

On the basis of the variables, the hypothesis defined is:

H₀: Students' Gender is correlated to students' Savings

H₁: Students' Gender is not correlated to students' Savings

From the results obtained, it can be inferred that the null hypothesis is rejected as there is a positive correlation between the Gender & Savings of the college students in India.

FINDINGS

- It is observed from the responses that men spend more than women, even when they invest less in self-care while women invest more in self-care and save more.
- The students putting up from their parent's house have less income than those living away from home in hostels, PG's etc.
- The students living with their parents have less income and when we compare the above figure with the figure below we can see that the least income receiving group of students (0-2000, 34.3 %) equal to the students putting up from home (35 %).

- 34.3 % from the whole we receive the result very close to the saving group of students which brings us to our conclusion that students with more income save more which can also be concluded by reviewing the responses to questionnaire.
- Less than 10 % students who earn money know the value of money.
- Maximum number of students saves less money i.e. only 25 %.

CONCLUSIONS

Previously, books, stationaries, garments and other comparable items were purchased by understudies for their study. In the meantime, at this present age, student's needs have increased because laptops are required for assignments and ventures. From the descriptive analysis it was proven that the gender had no significant impact on student's income. Similarly, the regional background has no role in the determination of income of college students. But, the students living in metropolitan cities receive more pocket money than those living in other rural and urban areas. It can also be concluded that men spend more than women, even when they invest less in self-care while women invest more in self-care and save more. When it comes to money, insula stimulation can stop your spending and thus, it can be incurred that the higher the amount of suppression towards savings in the college students, higher will be the anxiety levels and thus leading to the increased impact on insula cortex in human brain. Also, the secretion of dopamine in the human body, the fluid that works in direct proportion to the energy levels or physical workout of the human body lessens because secretion of the dopamine fluid is inversely proportional to the functioning of the insula cortex in the human brain. Thus it can be inferred that higher the anxiety or suppression towards savings, higher will be the impact on human insula cortex leading to decreased levels of dopamine fluid in the human body that which may or may not lead to increased consumptions of caffeine, drugs or alcoholic drinks. This may further lead to serious ailments such as cardiac problems, depression, diabetes, respiratory disorders such as chronic obstructive pulmonary disease, etc. Therefore, the more stimulation in the insula, the less likely you are to keep doing what you're doing.

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